



## FAQs on MSRB's Rules Regarding Gifts, Gratuities and Non-Cash Compensation

The Municipal Securities Rulemaking Board (MSRB) developed this document to remind municipal advisors of their obligations under [MSRB Rule G-20](#), on gifts, gratuities and non-cash compensation, by providing answers to frequently asked questions and answers about the rule.

### What is the \$100 limit?

The \$100 limit is found in Rule G-20(c). Under Rule G-20(c) no municipal advisor nor any of its associated persons, directly or indirectly, may give or provide — or permit to be given or provided — any thing or service of value, including gratuities, in excess of \$100 per year to a person (other than to an employee or partner of such municipal advisor), if such payments are in relation to the municipal advisory activities of the employer of the recipient of the payment or service. For the purposes of Rule G-20(c), "employer" includes a principal for whom the recipient of a payment or service is acting as an agent or as a representative.

### Must a municipal advisor aggregate all gifts that are subject to the \$100 limit given by the municipal advisor and its associated persons to a particular recipient?

Yes, Supplementary Material (SM) .02 requires that a municipal advisor consistently aggregate all gifts that are subject to the \$100 limit given by the municipal advisor and its associated persons to a particular recipient.

This aggregation of gifts must be done consistently over the course of a year. A municipal advisor can select how a "year" is determined. A year can be determined on a calendar year, fiscal year or rolling basis, beginning with the first gift given to a particular recipient.

### Are there exclusions to the \$100 limit?

Yes, there are exclusions to the \$100 limit. Those exclusions are found in Rule G-20(d), and apply if the gifts do not give rise to any apparent or actual conflict of interest. The exclusions from the \$100 limit relate to normal business dealings, transaction-commemorative gifts, de minimis gifts, promotional gifts, bereavement gifts and personal gifts.

**The exclusion for promotional gifts from the \$100 limit in Rule G-20 provides that the gift must be a promotional item of nominal value that displays the municipal advisor's business or other corporate logo. What does nominal mean?**

Nominal value means substantially below the \$100 limit.

### What factors should a municipal advisor consider when determining whether a gift falls within personal gift exclusion in Rule G-20?

Under Rule G-20(d)(vi), personal gifts given upon the occurrence of infrequent life events, such as a wedding gift, are not subject to the \$100 limit. SM .04 provides certain factors that should be considered when determining whether a gift is personal and not in relation to the municipal advisory activities of the employer of the recipient. Those factors include:

- The nature of any pre-existing personal or family relationship between the associated person giving the gift and the recipient; and
- Whether the associated person, or the municipal advisor with which he or she is associated, paid for the gift.

When a regulated entity pays the cost of a gift, either directly or indirectly, the gift will be presumed to be given in relation to the municipal advisory activities of the recipient's employer.

### Are there other rules that a municipal advisor should consider when thinking about gift giving?

Yes, a municipal advisor and its associated persons are subject to all applicable MSRB rules. When considering gifts, a municipal advisor particularly may want to review the MSRB's other fair practice rules, including the MSRB's fundamental fair dealing rule, Rule G-17.

### What if a municipal advisor's state has stricter rules on gift giving than Rule G-20's requirements?

SM .05 reminds municipal advisors that a municipal advisor and its associated persons may be subject to other duties, restrictions or obligations under state or other laws related to gift giving. Rule G-20 does not supersede any more restrictive provision of state or other laws applicable to the activities of a municipal advisor or its associated persons.